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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001826

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TAGS: [PGOV](#) [PREL](#) [TW](#)

SUBJECT: CHEN SHUI-BIAN: SURPRISES AHEAD?

REF: A. TAIPEI 1407

[B](#). TAIPEI 1438

[C](#). TAIPEI 1625

[D](#). TAIPEI 1684

[E](#). TAIPEI 1437

[F](#). 2004 TAIPEI 3807

Classified By: AIT Director Douglas H. Paal, Reason 1.4 (b/d)

[1](#)1. (C) Summary. The moderate "presidential" persona that President Chen Shui-bian has cultivated for the past four months masks a hard driving political tactician who continues to work backstage to destroy the opposition Pan-Blue majority coalition. The &reconciliation8 agenda of this moderate Chen is in sharp contrast to the historical Chen, who for four years pushed Taiwan to the limits on constitutional revision, name change, and referenda, greatly exacerbating cross-Strait tensions with Mainland China. Chen, moreover, has shown himself to have a penchant for surprise. This report discusses some of the possibilities for Chen surprises and the tools with which he could reassert his more hardline agenda, given the current state of opposition fragmentation and renewed pressure from Mainland China. End Summary.

#### Controlling Cross-Strait Agenda

[1](#)2. (C) Following his Democratic Progressive Party (DPP) setback in the December 2004 Legislative Yuan (LY) election, President Chen Shui-bian wrapped himself in a "presidential" mantle emphasizing "reconciliation and coexistence8 in Taiwan domestic politics and cross-Strait relations. Behind this more moderate facade, however, Chen continued his political maneuvering, deftly manipulating People First Party (PFP) Chairman James Soong to fragment the Pan-Blue coalition, and consolidating his Pan-Green coalition with the March 26 &million-person8 protest against Beijing,s Anti-Secession Law that mollified his &deep-Green8 independence flank. (Ref A)

[1](#)3. (C) Over the past three weeks, however, Chen has faced an array of new challenges. Mainland China,s coercion of long-time Chen supporters, notably Chi-mei founder Hsu Wen-lung and ex-Acer CEO Stan Shih, directly threatened Chen,s political base, and the high-visibility KMT visit to Beijing undercut Chen's hopes for taking control of the cross-Strait agenda (Refs B,C). With Chen's options limited -- the LY election demonstrated lack of support for immediate independence and Beijing,s Anti-Secession Law clearly demarcated the permissible -- stabilizing and improving cross-Strait relations was Chen,s only realistic hope for establishing a presidential legacy. (A variety of Taipei political operatives, both "Green" and "Blue," tell AIT that the search for a legacy is one of Chen's main goals for his final three years in office.) The KMT cross-Strait initiative, however, threatened Chen,s option for pioneering a cross-Strait settlement and left him cornered, with little room to maneuver, and angry.

#### Destabilizing Options

[1](#)4. (C) Moderate DPP and KMT supporters have expressed concern to AIT that a cornered Chen might revert to his old independence ways. Chen, moreover, has shown himself to have a penchant for surprise and finding creative ways around political obstacles by veering suddenly in new policy directions. Moderate DPP contacts tell AIT that they have worked hard to get Chen onto his current course and keep him there. They -- and moderate Blue supporters -- express particular concern over a series of challenges that Chen,s current policy line will face in the months ahead and which could derail the moderate track Chen has been following since December.

[1](#)5. (C) If Chen were to resort to his pro-independence roots, upcoming events and tools he might use to destabilize and push a hard line agenda include:

-- May 14 National Assembly election: The current atmosphere of distrust and anger in the Pan-Green camp, could stimulate Chen to return to fundamentalist pro-independence themes he employed in the presidential and legislative campaigns )- new constitution, name change, and referendum. The

government,s earlier decision not to respond to overtures from Beijing before May 14 (Ref E) indicates the importance the DPP places in those elections. Nevertheless, the December LY election experience, which brought home to Chen the political limits of these themes, could serve as a cautionary note.

-- December 5 mayor/county magistrate elections: These local elections offer another venue for Chen and the DPP to resurrect some of the more provocative themes they adopted in the 2004 presidential and legislative elections. Local elections in Taiwan, however, tend to focus largely on local issues and personalities, and are not readily conducive to such issues as cross-Strait relations and constitutional change. Nonetheless, the December elections will give Chen a number of opportunities to speak to rallies of southern, deep Green supporters. These venues have in the past led Chen into some of his most dramatic rhetorical excursions.

-- Constitutional reform: The push for Constitutional reform has been a constant through Chen,s first five years in office and a litmus test of &Green-ness.8 Chen's May 2004 inaugural address renewed his campaign promise to establish a new constitution by 2008, but he promised not to change name, flag, territory or national anthem. During the December 2004 LY campaign, President Chen again pledged that the current constitution would be revised, with a referendum in 2006 and a "New Taiwan Constitution" in 2008 (Ref F). Since the LY elections, however, constitutional change, beyond the LY amendments passed last August, has been rarely mentioned. Chen did leave theoretical wriggle-room when he announced that he would not raise controversial issues but could not rule out others doing so. If Chen does return to pushing constitutional change, however, he would still confront the requirement for 75 percent LY approval of any amendments beyond the August 23 legislative referendum reforms. Any change not supported by the KMT is consequently dead on arrival.

-- Name change: While Premier Hsieh has downplayed the issue of changing the name of institutions from &China" to &Taiwan," this is still a highly emotive theme that could be refurbished.

-- Referendum: The call for referendum, which has raised the temperature of cross-Strait relations in the past, would be even more destabilizing given the Anti-Secession Law. After Taiwan officials briefly threatened to hold a "defensive referendum" to counter the Anti-Secession Law, the referendum issue fell by the wayside in favor of the March 26 &million person" protest rally. The May 14 election, however, is likely to be a competition for non-mainstream voters, raising the risk of TSU and PFP appeals to save their parties and offering a public platform for TSU and other pro-independence elements to press for a referendum. Though Chen Shui-bian has not mentioned the referendum issue in recent weeks, the visceral anger he feels over the KMT visit and the coopting of Hsu, Shih and other DPP business leaders could bring him back to the referendum issue again. Nevertheless, this option will still be limited by the requirement that any referendum question must be approved by fifty percent of all eligible voters, a very high threshold that the Pan-Green camp would like to reduce, but with limited prospects.

Comment: But the Landscape has Changed  
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16. (C) Despite Chen Shui-bian,s penchant for surprise and dramatic policy shifts, the political landscape of Taiwan has substantially altered in the past four months in ways that limit his options. Expectations for another round of constitutional reform were dependent on the Pan-Green coalition winning a clear majority in the December LY elections, with the DPP setback effectively sidelining talk of constitutional reform. While constitutional reform, name change, and referenda, could rear their heads if the situation continues to sour, the likelihood is not high, as Chen has apparently accepted the lessons of the December LY election, and the Anti-Secession Law has clearly demarcated the boundaries of the permissible, limiting Chen,s room for maneuver. Moreover, the about-face of Hsu Wen-long and resignation of presidential advisor Stan Shih demonstrated at close range the changed political environment in Taiwan, a fact that Chen and supporters recognize, as evidenced by their low key response to both incidents.

17. (C) While Chen has succeeded in dividing the Pan-Blue coalition, the chances that he and the DPP might establish a workable LY majority are slim, and that they might then pursue a radical agenda nearly nought. (On the contrary, there are nascent signs that Chen's divisive tactics could backfire and push the PFP back towards the Pan-Blue camp.) Rather, Chen,s very day-to-day governing will depend on his and Premier Frank Hsieh,s ability to repeatedly cobble together ad hoc, issue-by-issue majorities -- a process that

will leave precious little time or political capital for  
pushing a hard line &Green8 agenda.  
PAAL